

<p align="center">STATE OF MONTANA</p> <p align="center">COMPLIANCE SUPPLEMENT FOR AUDITS OF LOCAL GOVERNMENT ENTITIES</p>	REF: ADM-1
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PROGRAM/SUBJECT: 9-1-1 Emergency Number	

FEDERAL GRANTOR AGENCY: Not Applicable

TYPES OF RECIPIENTS: Counties, Cities, and Towns

**SOURCE OF AUTHORIZATION
AND REGULATIONS:** Title 10, Chapter 4, Parts 2 and 3, MCA, and the
Administrative Rules of Montana, as noted below

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I. PROGRAM OBJECTIVES:

To provide funds to counties, cities, and towns to pay for installing, operating, and improving either a basic or enhanced 9-1-1 emergency telephone system. A fee of 25 cents per month is imposed per access line on each service subscriber. This money is collected by the service provider and remitted to the Montana Department of Revenue. (Section 10-4-201 and 204, MCA) After costs specified in Section 10-4-302 and 311, MCA, have been paid, the Montana Department of Administration allocates funds to counties, cities and towns to pay the costs provided for above related to a basic 9-1-1 or enhanced 9-1-1 emergency telephone system. (Section 10-4-302 and 311, MCA)

II. PROGRAM PROCEDURES:

The Department of Administration (DOA) distributes the money as follows:

1. An amount from both the basic and enhanced 9-1-1 accounts for costs incurred during the preceding calendar quarter by each provider of telephone service in the state as provided in Sections 10-4-302(1) and (2) and 10-4-311(1), MCA.
2. The balance of the basic 9-1-1 account is allocated to counties, cities and towns on a per capita basis. However, each county must be allocated a minimum of 1% of the balance of the counties' share of the account. (Section 10-4-302(3), MCA)
3. For each fiscal year through FY2007: 84% of the balance of the enhanced 9-1-1 account is allocated to counties, cities and towns on a per capita basis. However, each county must be allocated a minimum of 1% of the balance of the counties' share of the account. The remaining 16% of the balance of the account must be distributed evenly to the counties with 1% or less than 1% of the total population of the State. For fiscal years beginning after June 30, 2007: 100% of the balance of the enhanced 9-1-1 account is allocated to counties, cities and towns on a per capital basis. However, each county must be allocated a minimum of 1% of the balance of the counties' share of the account. (Section 10-4-311(3), MCA)

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II. PROGRAM PROCEDURES - continued:

A basic or enhanced 9-1-1 jurisdiction whose 9-1-1 service area includes more than one city or town or county is eligible to receive operating funds from the allocation for each county, city or town involved. (Section 10-4-302(3) and 10-4-311 (4), MCA) A 9-1-1 jurisdiction is defined as a group of public or private safety agencies who operate within or are affected by one or more common central office boundaries and who have agreed in writing to jointly plan a 9-1-1 emergency telephone system. (Section 10-4-101(12), MCA)

Distributions must be pursuant to a plan for the 9-1-1 jurisdiction that is approved by the Department of Administration. (Section 10-4-112, MCA)

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

1. Compliance Requirements:

- Basic 9-1-1 - Money received may only be used to pay for installing, operating and improving a basic 9-1-1 emergency telephone system. Money not necessary for immediate use may be invested and the income from the investments may be used only for these approved purposes. (Section 10-4-303, MCA)
- Enhanced 9-1-1 - Money received may be used only to pay for installing enhanced 9-1-1 features or for operating and improving an emergency telephone system using 9-1-1 service once the plan for converting to enhanced 9-1-1 has been approved by the Department of Administration (DOA). Money not necessary for immediate use may be invested and the income from the investments may be used only for these approved purposes. (Section 10-4-312, MCA) **(Note: Money received for enhanced 9-1-1 features may be used to pay for basic 9-1-1 service, if approved by the DOA. The 9-1-1 jurisdiction must submit a request for an exception to the DOA based on a demonstrated hardship, including geographical constraints, funding limitations, or absence of technical capability or capacity.)**
- The 9-1-1 jurisdiction must adhere to the basic or enhanced plan approved by the DOA. (Sections 10-4-302 and 311, MCA) **(Note: A current copy of the approved plan can be obtained from the DOA if it is not available at the local government, or if there are any doubts as to whether or not the plan on file at the local government is current.)**
- State law does not specify a fund in which these moneys should be deposited, although the expenditure restrictions require that the local government document the appropriate expenditure of these moneys. BARS Special Revenue Funds No. 2850 (911 Emergency) or the General Fund should be used.

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III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

Suggested Audit Procedures:

- Test expenditures to determine that basic 9-1-1 funds (including interest earned on the investments of these funds) were used for installing, operating and improving a basic 9-1-1 emergency telephone system; were in accordance with a plan approved by the DOA; were within the pre-established levels of the approved plan budget; and properly documented.
- Test expenditures to determine that enhanced 9-1-1 funds (including interest earned on the investments of these funds) were used for installing enhanced 9-1-1 features or for operating and improving an emergency telephone system using 9-1-1 service once the plan for converting to enhanced 9-1-1 has been approved by the DOA; were in accordance with a plan approved by the DOA; were within the pre-established levels of the approved plan budget; and properly documented.
- If 9-1-1 expenditures were for personnel, verify that the individual's duties and responsibilities were relevant to the operation of the 9-1-1 emergency telephone system.

2. Compliance Requirement:

- The accounting entity for a 9-1-1 jurisdiction must file an annual "9-1-1 Expenditure Report" at the close of a fiscal year. Forms are provided annually by the DOA 9-1-1 program office. (ARM 2.13.203(1)(d))

Suggested Audit Procedure:

- Determine that the entity filed the required annual "9-1-1 Expenditure Report" at the close of the fiscal year with the DOA, and that information on the reporting form is supported by the entity's accounting records.

3. Compliance Requirement:

- The 9-1-1 plan approved by the DOA includes a description of all capital and recurring costs for the proposed basic or enhanced 9-1-1 system. Capital assets purchased with 9-1-1 funds must be used as specified in the plan. (Section 10-4-112(2), MCA)

Suggested Audit Procedure:

- Perform a physical inspection of capital assets purchased with 9-1-1 funds, determine their application, and verify that they are being used for an allowable purpose.